

# US tariffs complicate Indonesian defence acquisition

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Indonesia is weighing a purchase of more US weapons—such as the new F-15EX—as a bargaining chip against US President Donald Trump’s **32 percent tariffs** on Indonesian exports to the United States. But that approach carries real dangers: relying too heavily on US hardware risks chipping away at Indonesia’s strategic independence.

That’s especially worrying right now, since Indonesia has been **tightening its belt** across all government sectors. While the defence ministry hasn’t been cut as deeply as other institutions, the future of its military modernisation efforts is looking uncertain.

A smarter approach would be to balance limited US purchases with diversified suppliers and stronger local industries, coupled with economic diplomacy to safeguard Indonesia’s security and sovereignty.

Trump’s tariffs are expected to hit Indonesia hard, targeting its US\$20 billion export market to the US, potentially triggering economic fallout. Although the implementation of the tariffs was paused following a negotiation period, Indonesia’s economy has already felt the impact, with the rupiah sliding to its weakest level since 1998.

Nonetheless, Jakarta appears determined to secure a multibillion-dollar F-15EX **deal** as a bargaining chip to soften US trade policies, as reported. While it remains unclear whether the F-15EX is its top priority, Boeing representatives in Indonesia have been very active lately in promoting the aircraft. They even ran a one-page ad in Kompas, Indonesia's leading newspaper, and held a sharing session for media and military enthusiasts.

One major highlight of Boeing's plan to sell F-15EX to Indonesia is the company's **commitment** to 85 percent local content. This makes it one of the most ambitious commitments on domestic components to date, given that Indonesian law requires at least 40 percent local content for major foreign arms acquisitions.

Nevertheless, Indonesia's economy is under pressure, and doubling down on expensive US weaponry could further undermine its fiscal stability and self-reliance.

Over-reliance on US systems—such as the F-15EX—locks Indonesia into US supply chains, where delays in spare parts or shifts in Washington's priorities could hamper its military readiness. Other countries, such as Turkey with its **grounded** F-35s, have already felt the sting of US export restrictions.

Similarly, European nations have taken steps to **rejuvenate** their local defence-manufacturing capabilities and gradually reduce their over-dependence on US systems. Moreover, Indonesia is no stranger to US arms embargoes.

Spending billions on US arms to appease trade demands could open a Pandora's box, leaving Indonesia vulnerable to Washington's whims and potentially undermining its 'free and active' foreign-policy doctrine.

It should be noted that Indonesia isn't without options. Diversifying suppliers could relieve some pressure: France offers Rafale jets, Turkey provides drones and Italy supplies advanced frigates; all are viable alternatives to US hardware. Historically, Indonesia has maintained flexibility by procuring arms from multiple countries, and that remains a sound strategy.

Additionally, ongoing modernisation efforts within the armed forces—particularly the Indonesian air force—have reached their peak following the Rafale deal. The Rafale is a multirole jet offering capabilities comparable to those of the F-15.

Therefore, it would be unwise to duplicate this effort by procuring another aircraft with the same capabilities. Instead, Indonesia could focus on acquiring Sikorsky's Black Hawk helicopters or even Boeing's E-7 AEW&C and P-8 Poseidon aircrafts, allowing it to continue modernising while addressing strategically important but underserved capabilities.

Closer to home, Indonesia could reduce costs and build self-reliance by strengthening local defence industries—including PT PAL and Pindad, among

others—which have successfully co-produced naval vessels and tanks. Their manufacturing capacity could be further enhanced through joint-development initiatives, including technology transfers and supply chains.

Recent research and development **partnerships** between Indonesia's defence industries and Turkey underscore that Jakarta is on the right track. These moves would also decrease Jakarta's exposure to US pressure while fostering economic growth and creating domestic jobs.

Yet diversification alone isn't enough. Indonesia must balance its economic diplomacy, negotiating trade relief without overspending on arms it can ill afford. Indonesian President Prabowo Subianto and his cabinet, particularly the foreign affairs and defence ministers, should maximise Indonesia's diplomatic leverage by striking win-win deals. One such element could be strategic US arms purchases—including advanced missiles and smart munitions—to maintain goodwill, provided these procurements do not dominate the budget or overall acquisition plan.

Indonesia's security hinges on a delicate balance. Pairing skilful diplomacy with investments in diverse suppliers and local production offers a more secure path. History shows that nations thrive when they control their own destiny, not when they lean too heavily on a single ally. For Jakarta, that means a defence plan as pragmatic as it is ambitious—one that safeguards both its borders and its sovereignty.

AUTHOR

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Image of Indonesian air force F-16C: **Kieren Whiteley/Department of Defence**.